

Understanding MERs

Mutual funds allow people with similar investment goals to pool their money in a diversified portfolio. A professional money manager uses the money to buy securities such as stocks, bonds, cash or a combination of the three.

You invest in a mutual fund by buying securities of the fund. Each security represents a portion of the value of the investments of the fund and mutual fund investors share in the fund's income and expenses. These expenses are part of the Management Expense Ratio (MER).



3i Financial Investment Services Inc.
Member of the MFDA

Source: AGF Investments

What is a MER?

The MER is the total of the management fee, operating expenses (administration fee) and GST/ HST charged to the fund each year. It is expressed as a percentage of the fund's average net assets for the year. The average equity mutual fund MER in Canada is 2.49%*.

*For no load funds as at Dec 31, 2013. Source: Investor Economics, Sept 2014

What is the MERs Breakdown?

For illustrative purposes only, based on a hypothetical fund



Includes:

- > Fund management fees
- > Operating expenses
- > Taxes

**The funds are required to pay GST or HST, as applicable, on management fees and operating expenses in respect of each series of a Fund, based on the residence for tax purposes of the investors of the particular series

†Legal fees, custodian fees, audit fees, filing fees, securityholder servicing costs, administrative costs, fees and expenses of the Independent Review Committee and certain other costs.

They all work for you.

Fund Management Company



- > Investment management expertise
- > Market research
- > Active management
- > Buying and selling securities
- > Reporting, administration and compliance
- > Portfolio rebalancing
- > Financial statements

Dealer (Advisor's Firm)



- > Account administration
- > Preparing and distribution of statements
- > Processing transactions
- > Office facilities and expenses
- > Professional fees/licences

Advisor



- > Financial planning
- > Portfolio recommendations
- > Administration and follow up
- > Due diligence and research
- > Retirement and estate planning
- > Professional development
- > Tax- efficient planning
- > Ongoing portfolio monitoring

To find out more, talk to your financial advisor.



3i Financial Investment Services Inc.
Member of the MFDA